

To: Secretary Peyser
From: Board of Early Education and Care
Date: Tuesday, January 12th, 2021
Subject: FY22 Budget Priorities

In preparation for the fiscal year (FY) 22 budget recommendations, in our role as the Board of Early Education and Care, we are pleased to recommend two primary guiding principles for consideration. We understand the complexity of planning for a state budget amidst the global pandemic, and also understand early education and care to be a critical piece of the state infrastructure to ensure families can successfully, safely return to work. The principles we propose will enable the Department of Early Education and Care (EEC) to support young children and their families as we work to mitigate the long-term impact of the COVID-19 crisis on our citizens and communities.

As the Board of EEC, with the leadership of the new Commissioner, set forth a bold new vision for EEC in partnership with stakeholders across the Commonwealth at the beginning of March 2020, just before the COVID-19 crisis began. Now, as the country faces new and emerging needs among families who have suffered significant trauma, and a new model for an early education and care field that must evolve to become the backbone working parents need, EEC is primed to demonstrate for the country how to create a stronger, more effective support system for the future of the Commonwealth.

In order to fuel the type of innovative approaches to public-private partnership necessary to create the world envisioned in the EEC Strategic Action Plan, two key investment strategies should be taken into account in the FY22 Budget. The EEC Board understands the uncertainty faced in making decisions about the future, as we balance the need for changes in the system with an imperfect understanding of what is to come. These recommendations are aimed to address the urgent need from providers and enable EEC to most effectively fulfill its obligations and support the Early Education and Care field within the Commonwealth's recovery plan:

1. Maintain early education and care program investments at FY21 levels, and build in more flexibility to support a fluid and responsive recovery for the field and for working families
2. Complete the investments initiated in FY20 and FY21 to sustain staffing and infrastructure, driving the transformation envisioned by the Department's strategic plan

Principle One: Early Education and Care Program Investments

The Commonwealth's investment in early education and care infrastructure is primarily through tuition subsidies to enable families from low-income households to access care (line-items 3000-3060 and 3000-4060). Through the COVID-19 crisis, Massachusetts has been leading the country in using creative financing through existing funding streams to ensure low-income working families can continue to access care, and programs are better able to sustain operations through some of the most challenging business constraints this industry has faced.

Prior to the pandemic, the Board called for a new way to sustain quality operations within programs through adoption of EEC's Strategic Action Plan. At the time, we recognized the fragility of a system in which programs must maintain full enrollment and attendance in order to break even each month. As EEC has closely monitored program operations through the pandemic and reported on their status to the Board, program stability has taken on increasing urgency as

sustainability for the market overall threatens to limit future accessibility of early education and care services for all working families. The EEC Board recommends that the Commonwealth take this opportunity to lead the country in providing innovative approaches to subsidy policy that have been begun to encompass a more family-friendly approach.

As one of the most expensive early education and care markets in the country prior to the COVID-19 crisis, it is imperative that EEC has the flexibility to maintain investments in programs using the same creative approaches that it has tested successfully through the pandemic. We emphasize the importance of this effort especially on behalf of working families, and in particular working women, whose labor force participation has already taken dramatic steps backward through the fall.

Therefore, we propose increased flexibility to ensure EEC's support for critical services enables them to remain affordable and accessible for working families and for women as the economic recovery proceeds.

Principle Two: Complete Staffing and Infrastructure Investments

In March 2020 when the Board adopted the Strategic Action Plan, we called for EEC to develop a data-based case for Business Process Redesign to resolve longstanding backlogs, improve technology and operational experiences for constituents, and ensure the Department has the capabilities to be responsive, agile, and engage in data-driven decision making and strategies on behalf of the state and the field.

Implementation of the business process redesign launched with our FY20 budget recommendations regarding staffing and infrastructure investments. With the addition of staff positions over the last year, as well as diligent focus from the committed EEC staff team, implementation plans have continued despite the COVID-19 crisis.

EEC has also engaged in intensive revision to policy, protocols and operations, as well as broad reforms and changes to ensure the Department is poised to maximize the effect of further investments in staffing, technology, and operations.

We have further called, through Commissioner's annual review, conducted in November, for an expanded leadership team within the Department. We see this expansion as critical to support the core work of the Department into the future, and to fulfill the vision laid forth in the Strategic Action Plan.

We are assured that EEC stands ready with a revised organizational chart, a technology road map, and a strategic approach to build systems that are more efficient and effective, and more supportive and responsive to its constituents. Therefore we request the FY22 budget complete the staffing and infrastructure investments called for in the EEC Business Process Redesign so EEC may continue to drive the innovation envisioned in the Strategic Action Plan and continue the momentum of change needed by the Commonwealth through this recovery.

Again, we appreciate your careful consideration of these priorities as you address the needs of the field and the Department at this time.